



Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	Audit Committee
Date:	13 June 2022
Subject:	Internal Audit - External Quality Assessment - 2022

Summary:

Internal Audit within the Public Sector in the UK is a statutory function, governed by the Public Sector Internal Audit Standards (PSIAS) - which have been in place since 2013 (updated in 2017).

The Standards require an external quality assessment at least every 5 years as part of Internal Audit's Quality Assurance Framework. This report provides the Committee with information on the result of the external quality assessment undertaken on Assurance Lincolnshire in March 2022.

It shows that the Council's Internal Audit function **fully conforms** with mission statement for Internal Audit, the Standards of practice and the Code of Ethics laid down in the PSIAS and the associated CIPFA advisory application note.

Recommendation(s):

That the Committee note the positive outcome of the External Quality Assessment for Assurance Lincolnshire and are assured over the quality and effectiveness of the Council's Internal Audit Function.

Background

- 1.1 The Council's Internal Audit function is delivered by an in-house team - Assurance Lincolnshire. Assurance Lincolnshire is a collaborative partnership consisting of Lincolnshire County Council, City of Lincoln and Nottinghamshire County Council.
- 1.2 The Public Sector Internal Audit Standards (PSIAS) – which have been in place since April 2013 (updated March 2017) consist of the following elements:
 - Mission statement of Internal Audit
 - Definition of Internal Auditing
 - Core principles for the professional standards
 - Code of Ethics, and
 - Attribute and performance Standards for the Professional Practice of internal Auditing.

- 1.3 They aim to promote consistency of practice and improvement in the professionalism, quality and effectiveness of internal audit across both the public and private sectors. They reaffirm the importance of robust, independent and objective internal audit assurance.
- 1.4 In local government the PSIAS are mandatory - as required by the Accounts and Audit Regulations 2015. We must also comply with the CIPFA Local Government Application Note.
- 1.5 The Standards require an external assessment at least once every 5 years as part of an Internal Audit's Quality Assurance Framework. They must be conducted by a qualified, independent assessor or assessment team from outside the organisation. Our assessment was conducted by CIPFA.
- 1.6 CIPFA is ideally placed to carry out the external quality assessment. They are one of the professional bodies who set internal audit standards for public bodies and provide professional guidance on the Standards as well as other aspects of internal audit. CIPFA is therefore very familiar with internal audit standards in policy and in practice. They undertake external quality assessments across public sector organisations.
- 1.7 Our assessment was undertaken in February 2022 and included:
- Self-assessment validation.
 - Survey of a wide range of stakeholders .
 - Interviews with key stakeholder - this involved the Audit Committee Chairs, S151 Officers and auditees.
 - A comprehensive range of documents that they used as evidence to support their self-assessment, and these were available for examination prior to and during this validation review.
- 1.8 The questionnaire and interviews focussed on determining the strengths and weaknesses of Assurance Lincolnshire and assessed them against the four broad themes of Purpose and Positioning; Structure and Resources; Audit Execution; and Impact.
- 1.9 We are really pleased with the outcome of the External Quality Assessment – it is a very rigorous and challenging assessment. We pride ourselves on being an experienced, competent and innovative internal audit provider – who strives to maintain and develop its service by embedding quality in all elements of internal audit activity.
- 1.10 This assessment helps provide confidence to the Council over the quality of the service and the excellent people who deliver its internal audit work and plan.
- 1.11 Whilst the assessment didn't recommend any improvement actions – there were a number of advisory points made, designed to help enhance existing operations and the adoption of best practice. These were to consider:
- Increasing capacity at within the Lincolnshire's County Council internal audit team
 - Increase the use of data analytics during audits
 - Increase in-house IT audit capacity, and
 - Potential strategies to address the recruitment issues.
- 1.12 A copy of the External Quality Assessment report for Assurance Lincolnshire is attached in **Appendix A**.

1.13 Our quality assurance framework provides a structure for continuous improvement – the advisory points have been included in our Quality Assurance Improvement Plan – **Appendix B**.

Conclusion

That the Assurance Lincolnshire Partnership’s self-assessment is accurate and as such we conclude that they **FULLY CONFORM** to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.

Consultation

a) Risks and Impact Analysis

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Appendix A - Final Report EQA - 2022
Appendix B	Appendix B - Assurance Lincolnshire's Quality Assurance Improvement Plan

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Lucy Pledge, who can be contacted on 075574 98932 or lucy.pledge@lincolnshire.gov.uk

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